

GAS AND ELECTRICITY CONSUMER COUNCIL

ENERGYWATCH

Report & Accounts
for the period
1 April 2008 to 30 September 2008

energywatch

Report and Accounts for the period 1 April 2008 to 30 September 2008

Presented to Parliament in pursuance of paragraph (84b), schedule 2, Utilities Act 2000

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GAS AND ELECTRICITY CONSUMER COUNCIL (energywatch)

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Accounting Officer's Report

These accounts have been prepared in a form directed by the Secretary of State for Business, Enterprise and Regulatory Reform with the approval of the Treasury and in accordance with paragraph 8(2), Schedule 2 of the Utilities Act 2000.

About energywatch

The Gas and Electricity Consumer Council (energywatch) was established on 7 November 2000 by the Utilities Act 2000 to protect and promote the interests of all gas and electricity consumers in England, Scotland and Wales.

energywatch was an executive Non Departmental Public Body (NDPB) and was supported by grant-in-aid from the Department for Business, Enterprise and Regulatory Reform (BERR). This grant-in-aid was funded through the licence fees collected by Ofgem and paid by energy suppliers, shippers, distributors, gas transporters and the electricity transmission licence holders.

These accounts are for the period 1 April 2008 to 30 September 2008 and mark the eighth and final statutory accounts to be produced by energywatch. energywatch ceased operations on 30 September 2008, when its activities were merged with other consumer representation bodies to form Consumer Focus.

energywatch was separate from the energy regulator, Ofgem. However, energywatch had a formal agreement with Ofgem to share an open, constructive and effective relationship. The agreement was contained in a Memorandum of Understanding between the two organisations.

energywatch's pension liabilities are detailed in the accounting policy notes as well as the remuneration report section of the accounts.

There were no significant interests declared by Board members with management responsibilities.

energywatch did not make any charitable donations during the final 6 months of its existence.

Role of energywatch

energywatch was the independent gas and electricity consumer watchdog, set up by Parliament in November 2000. It provided free, impartial information and advice and took up complaints on behalf of consumers who had been unable to resolve problems directly with their energy companies. In addition, it worked with energy companies, the regulator and policy makers to deal with the underlying causes of consumer complaints.

Under the Utilities Act 2000, energywatch had a statutory duty to protect and promote the interests of current and future energy consumers in England, Scotland and Wales. It also had a specific duty to 'have regard' to the interests of consumers who were of pensionable age, living with disabilities, chronically sick, on low-incomes, or residing in rural areas.

The Government undertook a period of public consultation from January to April 2006 on the future provision of consumer representation and redress. The outcome was to recommend the consolidation of energywatch, Postwatch and the National Consumer Council (NCC) into a new consumer advocacy body. The Consumers, Estate Agents and Redress Act, which gives legislative effect to that decision, received Royal Assent in July 2007. Consequently energywatch ceased operations on 30 September 2008 and Consumer Focus replaced energywatch and the majority of its functions from 1 October 2008.

Each year a Work Plan was agreed that supported the Corporate Plan that set out the work programme, outputs and resources for the year. In November 2007 the energywatch Council approved an extension to the existing 2007-08 Work Plan. The revised Work Plan was used to drive forward the Corporate Plan objectives until 30 September 2008.

In the final 6 months to closure, energywatch's future development was guided by the delivery of the four key goals set out in the Corporate Plan 2004-2008. The goals were: providing services to consumers; championing the interests of consumers, particularly the vulnerable; promoting markets that work well for all consumers; and improving value and impact.

External Auditors

The Comptroller and Auditor General (C&AG) was appointed under statute to audit the financial statements of energywatch and to report to Parliament. The proposed fee for providing external audit services for the final 6 month Financial Statements to 30 September 2008 is £42,000. An additional £4,000 audit fee has been recognised for additional work done relating to financial year 2007/08. This brings the total fee provided for in the accounts to £46,000. The audit services provided by the C&AG's staff in the National Audit Office related only to statutory audit work.

- So far as the Accounting Officer was aware, there was no relevant audit information of which the entity's auditors were unaware, and
- The Accounting Officer had taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors were aware of this information.

Internal Auditors

Detailed below is a table of the internal audit work undertaken between April and September 2008 and a summary of the opinion given.

Audits assignments	Level of assurance that risks material to the achievement of the system's objectives are adequately managed and controlled.			
	Audit Type	Substantial	Adequate	Limited
*Core Financial Controls	Assurance	√		
Corporate Governance & Risks Management	Assurance	√		
Human Resources – Staff Retention Follow up	Assurance	Good Progress		
Follow up of 2007/08 recommendations	Assurance	Good Progress		

*The Core Financial Controls review included a review of Financial Management & Budgetary Control, Fixed Assets, General Ledger, Income & Debtors, Purchases & Creditors, Payroll and Expenses.

The above table showed the success rate at the end of the final 6 months. energywatch had received an overall recommendation classified as 'GOOD' following the successful implementation of 67% of its audit recommendations while 33% of its recommendations had been superseded. The Internal Auditor's report noted that throughout the handover period energywatch had retained a sound internal control system, particularly in relation to risk management, corporate governance, and key finance systems.

Office structure

energywatch operated an Office structure that enabled the organisation to respond to the needs of energy consumers throughout Great Britain.

It operated from offices in London, Birmingham, Newcastle and Bournemouth and national offices for Scotland (Glasgow) and Wales (Cardiff). The Head office was in London based at the following address:

4th Floor Artillery House
Artillery Row
London SW1P 1RT

Better Payment Practice

energywatch complied with the Better Payment Practice Code in its treatment of suppliers. The key principles were to settle the terms of payment with suppliers when agreeing the transaction, to settle disputes on invoices without delay and to ensure that suppliers were made aware of the terms of payment and to abide by the terms of payment. Ninety five percent of suppliers' invoices were paid within 30 days of the invoice date (2007/08: 95%).

Post Balance Sheet Events

energywatch closed on 30 September, with a number of staff moving to permanent or transitional positions in Consumer Focus. In accordance with the transfer of undertakings legislation it was Consumer Focus' responsibility to pay redundancy costs for those staff whose posts became redundant.

There were significant property lease agreements which had been transferred to Consumer Focus. Six of these leases were determined to be onerous, with provision being made in the accounts.

The financial statements were authorised for issue following the date the audit certificate was signed.

Ed Mayo the Accounting Officer of Consumer Focus was appointed as the Accounting Officer designated to sign the accounts after taking appropriate assurances from Allan Asher, who was the Accounting Officer for the period of operation.

Governance

The energywatch Council was the governing body of the organisation and was responsible for the setting of energywatch policy, for the discharge of its statutory duties and responsibilities and for overseeing the sound financial management of the organisation. Council members were appointed by the Secretary of State for Business, Enterprise and Regulatory Reform. Council members during the final 6 months are listed on page 27.

There were three Council meetings, three Audit Committee meetings and two Remuneration Committee meetings during the final 6 months of energywatch.

energywatch Audit Committee

In accordance with best practice and Treasury requirements energywatch appointed an Audit Committee in December 2000. Positions on the Audit Committee were held by non-executive Council members.

The Audit Committee members for the 6 months were:

Sharon Darcy (Chair)

Brian Saunders

Charles Coulthard

Krishna Sarda

Ed Mayo

Designated Accounting Officer

07 May 2009

Management Commentary

energywatch had a duty to investigate complaints from energy consumers and also respond to requests for advice or information. New contacts from consumers were received by telephone, fax, and letter, email, through the website and in person at one of energywatch's offices. Services were delivered through an outsourced call centre and 6 operational offices in England, Scotland and Wales. Where possible, consumers were empowered to enable them to resolve their own problem directly with their supplier. In other cases, energywatch dealt with the relevant company on behalf of the consumer and sought to ensure that the problem was resolved, including where appropriate payment of compensation to the consumer.

A comprehensive performance management framework was in place to measure performance in complaint and enquiry handling. Key performance indicators included:

- % of complaints resolved in 35 working days
- % of complaints resolved in 66 working days
- % of enquiries resolved in 10 working days
- % of responses to complaints against energywatch within 10 working days
- % of telephone calls answered
- % of telephone calls answered in 20 seconds

The telephone surveys that had been used in previous years to collect information on the level of customer satisfaction with the service provided by energywatch were not undertaken during the final six months of operation.

The Consumer, Estate Agents and Redress Act provided for the closure of energywatch at the end of September 2008 and for transfer of responsibilities for complaint and enquiry handling to successor bodies. Detailed transition plans were developed and implemented in conjunction with BERR, Consumer Focus, Consumer Direct, Ofgem, the energy industry and other key advice agencies.

There were no major organisational changes in the 6 months to 30 September 2008, but a number of operational changes were made to facilitate a smooth transition to the new arrangements that were being implemented following energywatch closure. The key changes, which were progressively implemented from August 2008, were:

- Increasing resources at the outsourced call centre to allow all new contacts to be routed to the call centre.
- Using an email referral process similar to the approach to be adopted by Consumer Direct for the transfer of cases to energy companies that did not require an investigation.
- Setting up the Scotland office as a Shadow Consumer Focus Extra Help Unit to receive referrals of cases from the call centre which met the agreed definition of a vulnerable consumer.
- Using the Bournemouth office to deal with any new non vulnerable cases which required investigation.
- Stopping the referral of new cases into the Newcastle, Cardiff, London and Birmingham offices, to ensure that the live caseloads in those offices were resolved prior to closure, with any outstanding cases transferred to the Bournemouth office which has been retained as a transitional resource by Consumer Focus for seven months after energywatch closure.

The number of new cases received was lower than in the previous year when problems with British Gas customer service had caused a significant increase in complaints received. More than 32% of all cases received were resolved by referral of the case to the consumer's energy company using the extended empowerment arrangements, which had reduced the number of new cases that needed to be handled as investigated complaints. In the 6 months to 30th September 2008, energywatch received 4,924 investigated complaints, 33,660 empowered complaints and 66,521 enquiries.

At 30 September 2008, the number of staff employed was 213 (197.5 full time equivalents) of which 136.5 were based in the 6 operational offices and wholly engaged on the delivery of complaint handling services to consumers. There were also 37 full time equivalents at the outsourced call centre.

The energywatch risk register detailed the impact, probability and exposure to key risks. Each risk had an allocated owner who was responsible for ensuring appropriate mitigating actions were in place. The register was reviewed by the Management Board and endorsed by the Audit Committee. Key risks included the impact of the closure plans and loss of staff leading to an imbalance between workload and resources.

energywatch maintained close relationships with all major participants in the industry, including suppliers, distributors, Ofgem, the Energy Ombudsman, the Consumer Focus start up team, Consumer Direct, and other bodies. energywatch used Dataforce for the outsourced call centre and the contract was terminated on 30th September 2008.

energywatch has complied with the cost allocation and charging requirements set out in HM Treasury and Office of public sector Information Guidance.

KPIs

- Complaints (35 Working Days & 66 Working Days) and Enquiries (10 Working Days) – data was taken from the service mail system and expresses the number of cases resolved within the target as a percentage of complaints or enquiries received.
- Telephones – data was provided by Dataforce from their telephone system, to show the percentage of the total calls received by the call centre which were answered and the percentage of these calls which were answered within 20 seconds. For the previous year data was taken from the reports produced by the energywatch telephone system and related to calls answered by the energywatch operational offices.
- Customer satisfaction was not measured in 2008/9. Data for the previous year was taken from monthly outbound telephone surveys conducted by Dataforce, to show the percentage of domestic consumers who were satisfied or very satisfied, with the service received from energywatch following an investigation into their complaint.
- Complaints against energywatch – data was taken from escalated complaints handled by the centralised team in London, to show the percentage of cases where a response (including an interim reply) was provided within 10 working days.

Performance

	07/08		08/09	
	target	result	target	result
	%	%	%	%
Complaints – 35WD*	80	84	80	83
Complaints – 66WD*	90	95	90	95
Enquiries – 10WD	95	98	95	99
Customer Satisfaction	80	83	–	–
Telephones – % answered	90	93	90	90
Telephones – % answered in 30 secs	85	87	–	–
Telephones – % answered in 20 secs	–	–	80	83
Complaints against EW**	100	100	100	100

* Performance for the two complaints KPIs exclude empowerment cases which were mostly resolved on the day of receipt by call transfer to the supplier.

** Complaints against energywatch replied within 10 working days.

Financial Review and Cessation

energywatch was allocated grant-in-aid by BERR of £6,826K for the 6 months to 30th September 2008, this included £150K grant in aid for closure costs. In the previous financial year to 31 March 2008 grant-in-aid allocation was £11,283K.

The net result for the 6 month period to 30 September 2008 was an expenditure of £6,177K before exceptional items. Exceptional items amounted to £1,407K of which £1,387K related to new onerous leases as a result of reduced property requirement by Consumer Focus, and £20K related to movements on the pre-existing redundancy provision, recognised on creation of energywatch.

No major investments in fixed assets took place in the final six months of energywatch activities.

energywatch ceased to exist from 30 September 2008 and the newly formed body, Consumer Focus, took on energywatch's assets and liabilities from 1st October 2008. The assets comprised furniture, computer (including office) equipment of £39K, debtors of £679K and cash of £194K. Liabilities comprised creditors and accruals of £792K and provisions of £2,910K.

energywatch staff became employees of Consumer Focus (a TUPE transfer) on 1st July 2008 and were immediately seconded back to energywatch. This was to allow Consumer Focus to undertake the 90 day redundancy consultation in time for staff not remaining with Consumer Focus after vesting to be given their notice at the end of September.

Staffing and Equal Opportunities

energywatch was committed to supporting the principle of equal opportunities and opposed all forms of unlawful or unfair discrimination on the grounds of colour, race, nationality, ethnic origin, sex, marital status, disability, age, sexual orientation, religion or belief, or trade union membership.

The aim was to recruit and develop the best person for the job and to create a working environment free from unlawful discrimination, victimisation and harassment and in which staff were treated with dignity and respect.

Staff were regularly consulted on issues regarding health, safety and welfare, which were taken into account in future operations.

Race, Disability and Gender Equality

energywatch, as a grant-aided public body, was committed to race equality and diversity. It regarded unfair treatment and any form of discrimination as unacceptable, and believed that it was in the best interest of its staff and the communities it served for diversity to be valued and celebrated. energywatch employed staff from the wide mix of the UK society and believed that the positive benefit that accrued from this was a working environment that was free from discrimination or harassment.

The equality scheme built on its Race Equality Scheme extending the commitment to promote race equality to include the promotion of disability equality and equality of opportunity between men and women.

Sustainability policy

The sustainability policy and action plan set out how energywatch delivered environmentally and socially responsible, operational practice and had helped improve its environmental performance and role on a cost-effective basis.

Personal data related incidents

There were no significant personal data related incidents in the period.

Employment Issues

There is no data available for sickness absence. This is due to the key staff who held this information having left the organisation before it could be collated.

Going Concern

energywatch's accounts are prepared on the basis of going concern in that energywatch merged with other bodies to form Consumer Focus on 1 October 2008. All assets and liabilities transferred to Consumer Focus at their book value on 1 October 2008.

Future Annual Accounts

Future annual accounts for the newly formed body Consumer Focus (which has taken on the policy advocacy and vulnerable consumer complaints handling aspects of energywatch's activities) will be prepared for laying before Parliament. The first set of accounts will cover the period 1st April 2008 to 31st March 2009.

Remuneration Report

The purpose of the Remuneration Committee was to:

- Advise the Council on the appointment, remuneration terms and performance objectives of the Chief Executive;
- Monitor and evaluate the performance of the Chief Executive, and make recommendations to the Council;
- Receive and review at suitable intervals, not less than once a year, a report by the Chief Executive on the performance of senior executives reporting directly to him in order to give appropriate advice;
- Advise, upon request from the Chief Executive, on all matters relating to energywatch human resources policies and practice.

Membership

The Committee comprised 3 non-executive Council Members one of whom was appointed as Chair. Allan Asher, the Chief Executive was invited to attend committee meetings. He was not involved in recommendations concerning his remuneration.

During the period Tim Cole chaired the Committee and its other members were John Howard and Julian Salisbury. The Committee had detailed written terms of reference that it and the Council reviewed annually. The Committee met twice for the period ending 30 September 2008.

Statement of energywatch's policy on directors' remuneration

The Remuneration Committee advised the Council on the remuneration package for the Chief Executive. To ensure that energywatch could attract and retain executives who were expected to meet challenging performance criteria, the Council's policy was to ensure that the remuneration package for directors aligned with the rewards available to comparators. Such comparators were identified from independently compiled remuneration research.

In designing the schemes and in preparing this report the Council and the Committee complied with the provisions of the Companies Act 1985.

Directors' contracts

The Directors were permanent employees and therefore potential beneficiaries of the Principal Civil Service Compensation Scheme.

In the case of the Chief Executive and Director of Resources they could receive a 10% bonus in addition to their basic salary subject to attainment of agreed objectives. The Chief Executive, Director of Campaigns and Director of Consumer Services were permanent employees subject to 3 months notice period and the Director of Resources one month notice.

The following sections provide details of salary, pension and compensation information of the Chief Executive and Directors of energywatch and have been audited.

Remuneration

	6 months to 30 September 2008		2007/08	
	Salary £'000 ¹	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Chief Executive				
Allan Asher	85-90	N/A	105-110	N/A
Director of Resources				
Keith Tolladay	45-50	N/A	60-65	N/A
Director of Campaigns				
Adam Scorer	35-40	N/A	70-75	N/A
Director of Consumer Services				
Neil Avery	35-40	N/A	70-75	N/A

¹The salary figures includes bonuses paid for financial year 2007/2008 and the 6 month period to September 2008.

The Chief Executive, Allan Asher, was the highest paid employee during the period. He was a member of the Principal Premium Pension Scheme.

	1	2	3	4	5	6	7	8	9	10
Name of Officer	Start Date (SD)	End Date (ED)	Real increase in pension (£)	Real increase in lump sum (£)	Pension at ED (£)	Lump sum at ED (£)	CETV at SD (nearest £K)	CETV at ED (nearest £K)	Employee contributions and transfers-in. (£)	Real increase in CETV as funded by employer (nearest £K)
Allan Asher	31/03/08	30/09/08	690	0	10,673	0	183	200	2,940	10
Keith Tolladay	31/03/08	30/09/08	-314	-943	46,886	140,658	661	675	718	-5
Adam Scorer	31/03/08	30/09/08	601	0	5,338	0	56	65	1,497	6
Neil Avery	31/03/08	30/09/08	1,023	0	8,835	0	120	139	1,443	15

Due to certain factors being incorrect in last year's CETV calculator there may be a difference between the final period CETV for 2007/08 and the start of the period 2008/09.

The reason for the negative increases in Keith Tolladay's real increase in pension and real increase in lump sum is because he left mid way through the year. As Mr Tolladay is in the Classic Pension Scheme he is entitled to 3 times his pension as a lump sum, his pension is £46,886 therefore his lump sum is £140,658.

Salary

'Salary' includes gross salary; performance pay or bonuses; (up to a maximum of 10% of base salary) overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (Classic, Premium and Classic Plus); or a 'whole career' scheme (Nuvos). These statutory arrangements are unfunded with the cost benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium, Classic Plus and Nuvos are increased annually in line with changes in the Retail Prices Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (Partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for Classic and 3.5% for Premium and Classic Plus and Nuvos. Benefits in Classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum. Classic Plus is essentially a hybrid with benefits in respects of service before 1 October 2002 calculated broadly as per Classic and benefits for service from October 2002 calculated as in Premium. In Nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is updated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The Partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of Classic, Premium and Classic Plus and 65 for members of Nuvos.

Further details about the Civil Service Pension arrangements can be found at the website www.civilservice-pensions.gov.uk.

The Cash Equivalent Transfer Values

A Cash Equivalent Transfer Values (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service Pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HM Revenue & Customs as a taxable emolument. No benefits in kind were received or receivable by energywatch employees.

Compensation for loss of office

In addition to the remuneration disclosed in the tables above, compensation for Compulsory Early Retirement and Compulsory Early Severance was payable to Allan Asher, Keith Tolladay and Adam Scorer.

Allan Asher left under Compulsory Early retirement terms on 30 September 2008. The total compensation payable to Allan Asher is as follows:

- A lump sum compensation of £57,022 at date of leaving, and
- An annual compensation of £11,275 payable to him until the age of 60

Keith Tolladay also left under Compulsory Early Retirement terms on 30 September 2008 and compensation payable to him amounts to £909.

Adam Scorer left under Compulsory Early Severance terms on 30 September 2008 and was due to receive a lump sum of £53,379.

Details of the compensation payments will also be disclosed in Consumer Focus accounts for the year ended 31 March 2009 as energywatch staff became employees of Consumer Focus (by TUPE transfer) on 1st July 2008, which transferred responsibility for severance payments to Consumer Focus.

Ed Mayo

Designated Accounting Officer

07 May 2009

Statement of Accounting Officer's Responsibilities

Under paragraph 8(2), Schedule 2 of the Utilities Act 2000, the Secretary of State with the approval of the Treasury, has directed energywatch to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of energywatch's state of affairs at the final 6 months ended 30 September 2008 and of its income and expenditure and recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirement of the Government Financial Reporting Manual (FRoM) and in particular to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on a going concern basis on the basis that energywatch merged with other bodies to form Consumer Focus on 1 October 2008.

The Accounting Officer for BERR has designated the Chief Executive as Accounting Officer of energywatch. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding energywatch's assets, are set out in *Managing Public Money* published by the Treasury.

In December 2008 the BERR Accounting Officer confirmed that Consumer Focus' Chief Executive would be the designated Accounting Officer for the purposes of signing the energywatch accounts for the six month period to 30 September 2008. He will obtain assurance from energywatch's Chief Executive, who had responsibilities for the activities relating to the period.

Statement on Internal Control

On 10 December 2008, the BERR Accounting Officer confirmed that, as the Chief Executive of Consumer Focus, I would be the designated Accounting Officer for the purposes of signing the energywatch Annual Report & Accounts for the six month period to 30 September 2008. In doing so, I have obtained appropriate assurances from energywatch's Accounting Officer, who retained responsibilities for the activities relating to the period.

Scope of responsibility

The energywatch Accounting Officer was responsible for maintaining a sound system of internal control which supported the achievement of organisational policies, aims and objectives as set by the Management Statement and Financial Memorandum whilst safeguarding the public funds and organisational assets for which he was personally responsible, in accordance with the responsibilities assigned to him in Managing Public Money.

energywatch was supported by Council members who were responsible for:

- Setting the organisation's strategies and enabling frameworks;
- Monitoring performance against annual Work Plan objectives and targets;
- Identifying the central activities required to support delivery of the Corporate Plan and approving the annual budget;
- Evaluating the impact of emerging issues or significant divergences from Corporate and Work Plan delivery;

The Council was chaired by a non-executive appointee (Ed Gallagher who is a member of the Consumer Focus Board) and comprised the organisation's Chief Executive, together with non-executive members. An Audit Committee of non-executives supported the Council and Chief Executive through monitoring and reviewing the adequacy and effectiveness within the organisation of:

- Corporate governance arrangements;
- Processes for managing risks;
- Internal audit and related activity;
- Management responses to the recommendations resulting from internal audit work;
- Accounting Officer Statements on Internal Control;
- Financial Statements.

The purpose of the system of internal control

The system of internal control was designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it could therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control was based on an ongoing process designed to identify and prioritise the risks to the achievement of organisational policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control was in place in energywatch for the full six months to 30 September 2008. energywatch ceased operations on 30 September with responsibilities transferring to Consumer Focus. Appropriate staff and resources have been retained by Consumer Focus to maintain internal control through to the date of approval of the final report and accounts, and to accord with Treasury guidance.

Capacity to handle risk

The energywatch Accounting Officer had responsibility for reviewing energywatch's capacity to handle risk. To effect this, energywatch had implemented the following:

- A risk management policy reflecting the purpose and underlying approach to risk management and the role of the staff and senior management team, accessible to all staff on the intranet.
- An organisational risk register that identified all known strategic risks assigned to individual risk owners. The risk register energywatch had implemented included mitigating actions to eliminate or reduce each risk and was reviewed quarterly for effectiveness. All major projects on commencement were assessed for risk and resource implications and regularly reviewed over their lifecycle for changes in risk profile. Risk owners were trained to identify risks, to implement mitigating strategies and to deal with all issues that arose.
- Summaries of the top 10 high likelihood and high impact risks and risks whose level changed were presented at each meeting of the Audit Committee.

The risk and control framework

The risk management framework, in addition to the organisational risk register, was informed by the following processes:

- Regular reports from risk owners and project managers on the steps they were taking to manage risks in their areas of responsibility including progress reports on key projects. Each budget manager was also required to provide corporate governance assurance to the Accounting Officer in respect of their management and compliance with internal controls, risk, finance and asset controls;
- Inclusion of risk management as a standing item on the Audit Committee agenda. There were also regular reviews of the risk implications of operational activities;
- Establishment of key performance and risk indicators and development of the strategic risk framework;
- A Management Board which met regularly to consider the operational plans, budgets and strategic direction of the organisation;
- Compliance with the principal recommendations from government departments such as the Cabinet Office and the Office of Government Commerce (OGC) with regards to best practice;
- Regular assessment of the risks around the energywatch closure programme.

Review of effectiveness

The energywatch Accounting Officer had responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control was informed by the work of the internal auditors and the executive managers within the organisation who had responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. He was advised on the implications of the result of his review of the effectiveness of the system of internal control by the Council, the Audit Committee and measures to address weaknesses and ensure continuous improvement of the systems in place.

In maintaining and reviewing the effectiveness of the system of internal control the role of energywatch bodies which informed his review are detailed below:

The energywatch Council

The Council has been the governing body of the organisation and carried responsibility for setting energywatch policy priorities and for promoting the efficient and effective use of staff and other resources whilst ensuring that it fulfilled the aims and objectives of the Secretary of State. The main responsibilities of the Council were as follows:

- The Council was entrusted with public funding and therefore had a particular duty to observe the highest standards of corporate governance. This included ensuring and demonstrating integrity and objectivity in the transactions of energywatch and, wherever possible, following a policy of openness and transparency in the dissemination of decisions.
- The Council had a duty to enable the organisation to achieve its strategic aims. This responsibility included considering and approving the organisation's final Corporate Plan and the Forward Work Programme and resource deployment.
- The Council regularly monitored the performance of the organisation against its planned strategies and key performance indicators.
- The energywatch Accounting Officer was responsible to the BERR Principal Accounting Officer and to Parliament for ensuring value for money, regularity and propriety in deploying all the organisation's resources. The Council's financial responsibilities included ensuring the solvency of the organisation and safeguarding its assets; receiving and approving the Annual Report and Accounts.
- The Council had oversight of the organisations arrangements for internal and external audit, as well as ensuring the existence and integrity of financial and other control systems. This responsibility was delegated to the Audit Committee.

The Audit Committee

In addition to their other activities, the Audit Committee oversaw the adequacy and effectiveness of the system of internal controls as described above. It achieved this by:

- Reviewing the planned activity and results of the external and internal audit teams;
- Considering the adequacy of Management responses to issues identified by audit and other review bodies on a quarterly basis;
- Regular reports from the Chairman of the Audit Committee, to the Council, concerning internal control, risk management and corporate governance.

Internal Audit

The Internal Auditors reported to the Audit Committee and agreed a rolling programme of audit for each forthcoming year according to the Committee's priorities.

Regular audit reports were made, along with the end of year Annual Report, as defined by Government Internal Audit Standards. The annual report included the professional opinion as to the level of assurance that is applicable to the internal controls within energywatch. For the final 6 months ended 30 September 2008 the auditor's opinion was that energywatch had adequate and effective risk management, control and governance processes to manage achievement of the organisation's objectives. The report stated:

We are satisfied that sufficient internal audit work has been undertaken in the six month period to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of energywatch's risk management, control and governance.

In our opinion, based upon the work we have undertaken, for the 6 months ending 30th September 2008, energywatch has demonstrated adequate and effective risk management, control and governance processes to manage the achievement of the organisation's objectives.

Throughout this handover period energywatch has retained a sound internal control system, particularly in relation to its risk management, corporate governance, and key finance systems."

During the final 6 months review of key Financial Controls, Fixed Assets, Staff Expenses, Purchases and Creditors, Payroll, General Ledger Management, Financial Management & Budgetary Control, Corporate Governance & Risk Management and Human Resources – Staff Retention were undertaken. There was also a review of the recommendations made in the audits undertaken during the 2007-2008 financial year. The reviews concluded that there were adequate and effective risk management, control and governance processes in place to manage the achievement of the organisation's objectives, with a number of instances of good practices identified. No fundamental or significant recommendations were made. All the audit reports were awarded substantial assurance the highest category achievable.

Personal data related incidents

There were no significant personal data related incidents in the period.

Fraud

Fraud detection both through control procedures and through anonymous whistle blowing arrangement were in place. There was one incident of fraud concerning a fraudulent driving lesson rebate. This incident is not an indication of a poor system of internal control and the funds involved were recovered.

Ed Mayo

Designated Accounting Officer

07 May 2009

The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Gas and Electricity Consumer Council for the period ended 30 September 2008 under the Utilities Act 2000. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having being audited.

Respective responsibilities of the Gas and Electricity Consumer Council, the Accounting Officer and auditor

The Gas and Electricity Consumer Council and the Chief Executive as Accounting Officer are responsible for preparing the Report, which includes the Remuneration Report, and the financial statements in accordance with the Utilities Act 2000 and Secretary of State for Business, Enterprise and Regulatory Reform's directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Utilities Act 2000 and Secretary of State for Business, Enterprise and Regulatory Reform's directions made thereunder. I report to you whether, in my opinion, the information, which comprises the Accounting Officer's Report and the Management Commentary, included in the Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Gas and Electricity Consumer Council has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Gas and Electricity Consumer Council's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Gas and Electricity Consumer Council's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Report and consider whether it is consistent with the audited financial statements. This information comprises the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Gas and Electricity Consumer Council and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Gas and Electricity Consumer Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Utilities Act 2000 and directions made thereunder by the Secretary of State for Business, Enterprise and Regulatory Reform, of the state of the Gas and Electricity Consumer Council's affairs as at 30 September 2008 and of its deficit for the period then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Utilities Act 2000 and the Secretary of State for Business, Enterprise and Regulatory Reform's directions made thereunder; and
- the information, which comprises the Accounting Officer's Report and the Management Commentary included within the Report, is consistent with the financial statements.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

T J Burr

Comptroller and Auditor General

National Audit Office
151 Buckingham Palace Road
Victoria
London SW1W 9SS

May 2009

Income and Expenditure Account

6 Months ended 30 September 2008

	<i>Note</i>	<i>2008</i> <i>6 months</i> <i>£'000</i>	<i>2007-08</i> <i>12 months</i> <i>£'000</i>
Income			
Miscellaneous income	2	396	919
		396	919
Expenditure			
Staff costs	3	(3,611)	(6,983)
Administration costs & other expenditure	4a	(2,962)	(4,567)
		(6,573)	(11,550)
Operating (deficit) before exceptional items		(6,177)	(10,631)
Onerous Lease costs arising on closure	4b	(1,387)	(0)
Reorganisation costs	5	(20)	(59)
Operating (deficit) after exceptional items		(7,584)	(10,690)
Plus:			
Interest receivable		30	45
Notional cost of capital credit	6	88	83
(Deficit) on operating activities		(7,466)	(10,562)
Add back notional cost of capital credit		(88)	(83)
(Deficit) transferred to General Reserve		(7,554)	(10,645)

Statement of Recognised Gains and Losses

6 Months ended 30 September 2008

	<i>2008</i> <i>6 months</i> <i>£'000</i>	<i>2007-08</i> <i>12 months</i> <i>£'000</i>
Net Gain on revaluation of intangible/tangible fixed assets	3	0

The Accounting Policies and notes on pages 23-35 form part of these Accounts.

Balance Sheet

As at 30 September 2008

	<i>Note</i>	<i>As at 30 September 2008 £'000</i>	<i>As at 31 March 2008 £'000</i>
Fixed Assets			
Intangible assets	7	1	2
Tangible assets	8	38	52
		39	54
Current Assets			
Debtors	9	679	310
Cash at bank and in hand	11	194	9
		873	319
Creditors (due within one year)	10	(792)	(830)
		(792)	(830)
Net Current Assets/(Liabilities)		81	(511)
Total assets less current liabilities		120	(457)
Provision for liabilities and charges	12	(2,910)	(1,608)
		(2,790)	(2,065)
Total Assets less Total Liabilities		(2,790)	(2,065)
Taxpayers' equity:			
General reserve	13	(2,793)	(2,065)
Revaluation Reserve	14	3	0
		(2,790)	(2,065)

Ed Mayo

Designated Accounting Officer

07 May 2009

The Accounting Policies and notes on pages 23-35 form part of these Accounts

Cash Flow Statement

6 Months ended 30 September 2008

	<i>2008</i> <i>6 months</i> <i>£'000</i>	<i>2007-08</i> <i>12 months</i> <i>£'000</i>
Net cash outflow from Operating activities (note 23.)*	(6,230)	(11,389)
Returns on Investment and Servicing of Finance		
Interest received	30	45
Capital Expenditure		
Purchase of Tangible Fixed Assets	(2)	(22)
<hr/>		
Total Capital Expenditure	(2)	(22)
Financing		
Grant-in-aid	6,387	8,099
<hr/>		
Cash Movement	185	3,267
<hr/>		

*Notes to the Reconciliation of operating cost to operating cash flows (see page 35).

Statement of accounting policies and notes to the accounts

1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2008-09 Government Financial Reporting Manual (FReM) issued by HM Treasury and are in accordance with the Accounts Direction issued by the Secretary of State for Business, Enterprise and Regulatory Reform. The particular accounting policies adopted by energywatch are described below. They have been consistently applied in dealing with items considered material to the financial statements.

1.1 Accounting conventions

These financial statements have been prepared under the historical cost convention, modified to include the revaluation of fixed assets at their value to the business by reference to their current costs.

1.2 Fixed assets

Expenditure on intangible and tangible fixed assets was capitalised. The minimum level for the capitalisation of tangible fixed assets was £1,000.

Assets have been revalued annually using indices provided by the Office of National Statistics.

1.3 Depreciation/Amortisation

Depreciation/Amortisation was provided on all fixed assets, at rates calculated to write off the cost of valuation of each asset, less any estimated residual value, evenly over its expected useful life. The expected useful lives of the principal categories are:-

Furniture and fittings	5 years
Computer equipment	4 years
Other equipment	4 years
Software Licenses	4 years

1.4 Provisions

energywatch made provision for liabilities and charges where, at the balance sheet date, a legal or constructive liability exists (i.e. a present obligation from past events exist), where the transfer of economic benefits were probable and a reasonable estimate was made.

Where the time value of money was material, energywatch discounted the provision to its present value using a discounted rate of 2.2 per cent, the Government's standard rate. Provisions were calculated on the basis of estimated future cash flows.

1.5 Grants and Grants in Aid

In accordance with the Government Financial Reporting Manual (FReM) grants and grants in aid received for revenue purposes were treated as a contribution from a "controlling party" to finance the activities of an NDPB and allowed it to meet its statutory and other obligations, and as such were credited to the General Reserve.

1.6 Pension costs

The current position was as follows:

Past and present employees were covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit elements of the scheme were unfunded and were non-contributory except in respect of dependent benefits. energywatch recognised the expected cost of those elements on a systematic and rational basis over the period during which it benefits from employees' services by payments to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits was a charge on the PCSPS. In respect of the defined contribution elements of the schemes, energywatch recognised the contributions payable for the 6 months ending 30th September 2008.

1.7 Early retirement costs

energywatch was required to meet the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retired early, in relation to the legacy bodies, Gas Consumer Council (GCC) and Electricity Consumer Council (ECC). The total cost was provided in full when the early departure was announced and is binding on energywatch. The estimated cash flow is discounted using HM Treasury's discount rate of 2.2%. Early retirement costs do not include those arising on merger of energywatch to form Consumer Focus; following a TUPE staff transfer from energywatch to Consumer Focus such costs are the responsibility of Consumer Focus.

1.8 Operating leases

Rentals due under operating leases were charged to the Income and Expenditure Account over the lease terms on a straight line basis, or on the basis of actual rentals payable which fairly reflects usage.

1.9 Capital charge

A charge, reflecting the cost of capital utilised by energywatch, was included in the Income and Expenditure Account. The charge was calculated at the Government's standard rate of 3.5 per cent for 2008/09, on the average carrying value of all assets less liabilities, except for cash balances with the Office of the Paymaster General (OPG) where the charge is nil.

1.10 Research and development

Expenditure on research was written off to the Income and Expenditure Account in the year in which it was incurred.

1.11 Taxation

energywatch was not liable for corporation tax on interest earned on bank deposits.

1.12 Legal costs

energywatch bears the cost of general legal advice and BERR bears the cost of litigation which is treated as notional costs.

1.13 Intra-Government Balances

In accordance with the Government Financial Reporting Manual, agency debtors and creditors balances had been analysed as detailed in notes 9.1 and 10.1 respectively.

1.14 Revaluation reserve

This reflects the unrealised element of the cumulative balance of indexation and the revaluation adjustment of tangible fixed assets.

1.15 Going Concern

energywatch functions were funded by the Department for Business, Enterprise and Regulatory Reform (BERR). The majority of these functions transferred to Consumer Focus when energywatch, Postwatch and the National Consumer Council merged to create a combined entity. As such, it is appropriate to prepare energywatch's accounts on a going concern basis. All assets and liabilities transferred to Consumer Focus at their book value on 1 October 2008.

The balance sheet at 30 September shows a net negative reserve of £2,790K. This reflects the inclusion of provisions for the liabilities relating to property leases for which there is no future use due to restructuring following the merger to form Consumer Focus, and pre-existing provisions for early retirement and redundancy due to previous reorganisations and restructuring. These fall due in future years and are to be financed by grant-in-aid from BERR. There is no reason to believe that future approvals will not be forthcoming.

2. Other income

	<i>2008</i> <i>6 months</i> <i>£'000</i>	<i>2007-08</i> <i>12 months</i> <i>£'000</i>
Miscellaneous income		
Rental income from sub-let of property	123	127
Other income (note i.)	273	792
	396	919

(note i.)

Other income consists of, Postwatch Income for IT services, Revenue assurance Income, and recharges of secondment fees for staff working in the Consumer Focus Start-Up Team.

3. Staff and related costs

	<i>Permanently Employed staff</i>	<i>Others</i>	<i>Total</i>	<i>Total</i>
	<i>6 months</i>	<i>6 months</i>	<i>6 months</i>	<i>12 months</i>
	<i>2008</i>	<i>2008</i>	<i>2008</i>	<i>2007-08</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Salaries and wages (note ii)	2,871	49	2,920	5,594
Social security costs	222	0	222	440
Pension costs (note i)	469	0	469	949
	3,562	49	3,611	6,983
			<i>2008</i>	<i>2007-08</i>
Average number of staff				
Staff permanently employed by energywatch			213	219
Others engaged on the objectives of energywatch			2	3
			215	222

note i.

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but energywatch is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. The figures are shown in the resource accounts of the Cabinet Office: Civil Superannuation at the website www.civilservice-pensions.gov.uk.

For 2008, employers' contributions of £469K were payable to the PCSPS (2007- 08 £949K) at one of four rates in the range 17.1% to 25.5% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions every four years following a full scheme valuation.

Earnings	Contribution
Band 1 Up to £19,500	17.1%
Band 2 £19,501 to £40,500	19.5%
Band 3 £40,501, to £69,000	23.2%
Band 4 £69,001 and over	25.5%

note ii. Remuneration of Council Members: (Included in Salaries & Wages)

	2008 6 Months £'000	2007-08 12 Months £'000
Tim Cole	0-5	5-10
Sharon Darcy	5-10	5-10
Charles Coulthard	5-10	10-15
Ed Gallagher (Chair)	25-30	40-45
Andrew Horsler	5-10	10-15
Brian Saunders	0-5	5-10
John Howard	0-5	5-10
Julian Salisbury	5-10	10-15
Krishna Sarda	0-5	5-10

energywatch ceased operation on 30 September 2008. The appointments of the Council members have therefore ceased following the dissolution. However, Sharon Darcy and Ed Gallagher became Board members of Consumer Focus from January 2008. Council member posts were non pensionable.

4. Administration costs and other expenditure

	2008 6 months £'000	2007-08 12 months £'000
4a. Administration costs		
Office costs	357	636
Rent and associated costs	986	1,869
Call centre	670	1,092
IT (non-consultancy) costs	191	436
Publicity	35	89
Campaign & research	153	166
Training	250	99
Legal and professional	37	129
Depreciation/Amortisation	18	100
External audit fee (note i)	46	40
Project costs	135	69
Devaluation of fixed assets	2	6
Effect of unwinding of the discount factor	13	25
Changes to existing provisions (note ii)	69	(189)
	2,962	4,567

note i: There was no auditor remuneration for non-audit work.

note ii: The movement in provisions relates to the pre-existing provision for onerous leases, the GCC early retirement provision and the pension provision, see note 12. The presentation of provision movements has been changed since prior year to improve clarity. Although 2007-08 comparative figures have been amended in line with the new presentation, there is no impact on the bottom line.

4b. Onerous lease costs arising on closure of energywatch

	<i>2008</i> <i>6 months</i> <i>£'000</i>	<i>2007-08</i> <i>12 months</i> <i>£'000</i>
Onerous lease costs on leasehold properties	1,387	0
	1,387	0

energywatch found it necessary to create a provision for onerous leases on its closure. These property leases transferred to Consumer Focus on 1 October but under Government Accounting convention energywatch made provision for the future costs of the leases that have not been reassigned and that are surplus to Consumer Focus' requirements.

5. Reorganisation costs

	<i>2008</i> <i>6 months</i> <i>£'000</i>	<i>2007-08</i> <i>12 months</i> <i>£'000</i>
Unwinding of the discount factor	4	8
Changes to existing provisions	16	(54)
Redundancy payments	0	105
	20	59

Reorganisation costs relate to internal restructuring in previous years and as such are not associated with the closure of energywatch on 30 September 2008. The costs arise from movements in the provision for early retirement recognised in the creation of energywatch, see 'Early retirements provision' in note 12.

6. Notional cost of capital

	<i>2008</i> <i>6 months</i> <i>£'000</i>	<i>2007-08</i> <i>12 months</i> <i>£'000</i>
At 3.5% on average of total assets less total liabilities for the period. (2007-08 3.5%)	88	83
	88	83

7. Intangible Fixed Assets

2008-09
£'000

Software Licenses

As at 1 April 2008 62

As at 30 September 2008 62

Depreciation

As at 1 April 2008 60

Charge for the year 1

As at 30 September 2008 61

NBV: As at 30 September 2008 1

NBV: As at 31 March 2008 2

8. Tangible fixed assets

<i>Cost of valuation</i>	<i>Furniture & Fittings £'000</i>	<i>Other Equipment £'000</i>	<i>Computer Equipment £'000</i>	<i>Total £'000</i>
As at 1 April 2008	566	826	671	2,063
Additions	0	0	2	2
Revaluations/(Devaluations)	3	(0)	(2)	1

As at 30 September 2008 569 826 671 2,066

Depreciation

As at 1 April 2008 555 825 631 2,011

Charge for the year 11 0 6 17

As at 30 September 2008 566 825 637 2,028

NBV: As at 30 September 2008 3 1 34 38

NBV: As at 31 March 2008 11 1 40 52

9. Debtors

	<i>As at 30 September 2008 £'000</i>	<i>As at 31 March 2008 £'000</i>
GIA Debtor	439	0
Other Debtors	164	88
Prepayments	47	193
	650	281
Debtors due after more than one year	29	29
	679	310

Other debtors includes season ticket loans and payroll debtors.

Debtors due after more than one year relate to a staff loan for relocation purposes.

9.1. Intra-Government Balances

	<i>As at 30 September 2008</i>		<i>As at 31 March 2008</i>	
	<i>Debtors: amounts falling due within one year £'000</i>	<i>Debtors: amounts falling due after more than one year £'000</i>	<i>Debtors: amounts falling due within one year £'000</i>	<i>Debtors: amounts falling due after more than one year £'000</i>
Balances with central government bodies	525	0	64	0
Balances with local authorities	0	0	23	0
	525	0	87	0
Balances with bodies external to government.	125	29	194	29
As at 30 September 08	650	29	281	29

10. Creditors

	<i>As at 30 September 2008 £'000</i>	<i>As at 31 March 2008 £'000</i>
Trade Creditors	80	0
Social Security & Other taxes	189	376
Accruals	516	443
Deferred Income	7	11
	792	830

10.1. Intra-Government Balances

	<i>As at 30 September 2008</i>	<i>As at 31 March 2008</i>
	<i>Creditors: amounts falling due within one year £'000</i>	<i>Creditors: amounts falling due within one year £'000</i>
Balances with central government bodies	600	427
Balances with bodies external to government.	192	403
As at 30 September 08	792	830

11. Cash at bank and in hand

	<i>As at 30 September 2008 £'000</i>	<i>As at 31 March 2008 £'000</i>
As at 1 April 08	9	3,276
Cash inflow/(outflow)	185	(3,267)
As at 30 September 08	194	9

12. Provision for liabilities and charges

	<i>Onerous lease provision</i>	<i>Early retirement provision (GCC)</i>	<i>Early retirement provision (EW)</i>	<i>Pension provision (ECC)</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
As at 1 April 2008	670	221	321	396	1,608
New Provision recognised	1,387	0	0	0	1,387
Amounts Used in the Period	(26)	(126)	(22)	(13)	(187)
Changes to Existing Provisions	15	53	16	1	85
Unwinding of the discount factor	7	2	4	4	17
As at 30 September 2008	2,053	150	319	388	2,910

Onerous Lease Provision

The provision for onerous leases was in respect of the ongoing payments for properties previously occupied by legacy organisations, or by energywatch, but which were surplus to requirements for Consumer Focus' needs when they were transferred to Consumer Focus on 1st October. The provision included properties with leases which terminate between 2008 and 2014. The amount reflected above was a reasonable estimate based on the most recently available information. Future income streams have been recognised in calculating the provision for any properties that had been sub let.

Provisions for Early retirement pensions GCC

The provision for early retirement reflected energywatch's ongoing obligation to make payments into the pension schemes of former employees of legacy organisations (Gas Consumers Council), who were made redundant on the creation of energywatch. The amount reflected above was a reasonable estimate based on the most recently available information. The payments were funded through Grant in Aid from the BERR. The obligation will terminate in 2011.

Provisions for Early retirement pensions energywatch (EW)

The provision for early retirement reflected energywatch's ongoing obligation to make payments into the pension schemes of former employees who were made redundant. During the year a cash payment of £22K was made in respect of these obligations and similar payments will fall due in future years, until the individuals reach retirement age. The amount reflected above was a reasonable estimate based on the most recently available information. The payments were funded through Grant in Aid from the BERR.

Pension Provision (ECC)

The pension provision relates to the ongoing payments in respect of the pension liabilities for the former chairmen of the Electricity Consumer Committees (ECC). The pension scheme for these former chairmen was analogous with the PCSPS pension scheme and a provision was shown in Ofgem accounts until 31 December 2001. The provision was taken on as an energywatch liability during 2002-03. There are uncertainties surrounding the actual payments to be made, which are currently based on actuarial estimates. The pension liability was revalued by the Government Actuary's Department (GAD) on 30 September 2008 and has been estimated to be £388K.

13. General Reserve

	<i>As at</i> <i>30 September</i> <i>2008</i> <i>£'000</i>	<i>As at</i> <i>31 March</i> <i>2008</i> <i>£'000</i>
As at 1 April 08	(2,065)	(2,706)
Transfer from income and expenditure account	(7,554)	(10,645)
Grant in aid financing for Revenue purposes	6,824	11,261
Grant in aid financing for Capital purposes	2	22
Revaluation realised during the year	0	(8)
In-Year Assets Adjustments	0	10
Reserve Adjustment	0	1
As at 30 September 2008	(2,793)	(2,065)

14. Revaluation reserve

	<i>As at</i> <i>30 September</i> <i>2008</i> <i>£'000</i>	<i>As at</i> <i>31 March</i> <i>2008</i> <i>£'000</i>
As at 1 April 08	0	8
Revaluation in period	3	0
Realised during the period	0	(8)
As at 30 September 2008	3	0

15. Obligations under operating leases

The minimum lease payments to which energywatch was committed under non-cancellable operating leases for the coming year are:

	<i>2008-09</i> <i>Total</i> <i>£'000</i>	<i>2007-08</i> <i>Total</i> <i>£'000</i>
Within one year	27	140
Between two and five years	1,060	878
After five years	73	73
	1,160	1,091

16. Capital commitments

There were no capital commitments as at 30 September 2008.

17. Related party transactions

energywatch was an executive non-departmental public body sponsored by BERR and was regarded as a related party, as are other entities sponsored by BERR.

energywatch provided IT services to Postwatch.

energywatch provided secondments and also let parts of the London office to Consumer Focus between 12 November 2007 and 30 September 2008.

None of the Council Members, key management staff or other related parties had undertaken any material transactions with energywatch during the period.

Some of energywatch's staff members were retained on transition to Consumer Focus on a part and full time basis until 31 March 2009.

Sharon Darcy, Chair of the Audit Committee and Ed Gallagher, Chair of energywatch's Council were appointed Board members of Consumer Focus from 25 January 2008.

18. Contingent Liabilities and assets

There were no contingent liabilities and assets as at 30 September 2008.

19. Post balance sheet events

energywatch closed on 30 September 2008, with a number of staff moving to permanent or transitional positions in Consumer Focus. In accordance with the transfer of undertakings legislation it was Consumer Focus' responsibility to pay redundancy costs for those staff whose posts became redundant.

There were significant property lease agreements which had been transferred to Consumer Focus. Six of these leases were determined to be onerous, with provision being made in the accounts.

The financial statements were authorised for issue following the date the audit certificate was signed.

Ed Mayo the Accounting Officer of Consumer Focus was appointed as the Accounting Officer designated to sign the accounts, after taking appropriate assurances from Allan Asher, who was the Accounting Officer for the period of operation.

20. Financial targets

There were no financial targets set by the BERR during the final 6 months period ended 30 September 2008.

21. Financial instruments

energywatch had no borrowings and relied primarily on departmental grants for its cash requirements, and was therefore not exposed to liquidity risks. It had no material deposits, and all material assets and liabilities were denominated in sterling so it was not exposed to interest rate risk or currency risk. There were no material difference between the book value and fair value of assets and liabilities at 30 September 2008.

22. Losses and Special Payments

There were no reportable losses and special payments during the period ended 30 September 2008.

23. Reconciliation of operating cost to operating cash flows

	<i>2008</i> <i>6 months</i> <i>£'000</i>	<i>2007-08</i> <i>12 months</i> <i>£'000</i>
Operating (deficit)	(7,584)	(10,690)
Movements not involving cash		
Depreciation	18	100
Permanent Diminution of Fixed Assets	2	6
Increase in debtors	(369)	453
Decrease in creditors	(38)	(3,980)
BERR Grant-in-aid debtor/creditor	439	3,184
Increase/(Decrease) in provision	1,302	(462)
Net cash outflow from Operating activities	(6,230)	(11,389)
Reconciliation of net cash flow to movements in net funds		
energywatch funds at 1 April 2008	9	3,276
Cash Movement	185	(3,267)
energywatch funds at 30 September 2008	194	9

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